

January 2016

Hiring a Financial Advisory Firm

By Gregory Cook

If you've ever sold a home, you know how complicated it can be – the seemingly endless paperwork, the frantic attempts to clean the house before a last-minute showing, the frustrations of negotiation. Selling a business is much more complex – and unlike residential real estate, there is no central resource of businesses that are for sale or of qualified buyers willing to buy them. So as a business owner, how do you find the right buyer?

An experienced advisor will be an invaluable partner throughout the entire sale process, bringing buyers to the table and helping you maximize the purchase price. But not all advisors are created equal. Here are some qualities to look for in a reputable advisor:

- **A verifiable track record** – Good advisors should have a complete list of past transactions, including a list of references that you are free to contact.
- **An established network of prospective buyers** – This includes access to numerous marketplaces

and key contacts within your industry. The advisor should also have the ability to reach buyers who might not be accessible via traditional channels, such as private equity groups and investors.

- **Double vision** – In order to gauge transaction viability, the advisor should conduct an objective and candid review of your company as it is seen through your eyes, as well as the eyes of prospective buyers. Understanding both the buy side and sell side of a transaction will help the advisor find the best match for your business.
- **Knowledge of your industry** – The sale of a business is not just an exercise in numbers. While any advisor can do the math, the best advisor gains a solid understanding of your business, including the industry you operate in and any potential threats to growth and earnings. This is the only way to predict future profitability and in turn, convey that information to potential buyers.

Once you have secured a trusted advisor, move over and “let them drive” for a while. The sale process begins with some background steps that include the collection and analysis of your company’s financial and descriptive data. This leads to two other parallel phases: buyer identification and preparation of the descriptive memorandum and executive summary.

These are critical first steps that will chart the course to be followed and should result in the setting of reasonable expectations as well as the role you will be playing in the sale process.

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